

Wisconsin Department of Public Instruction, School Financial Services Team
WISCONSIN PUBLIC SCHOOL DISTRICT AUDIT MANUAL

COMMUNITY SERVICE FUND
AUDIT PROGRAM

Wisconsin Statute 120.14 requires that the district hire a licensed accountant to audit the school district accounts annually. The audit shall include information about expenditures for community programs and services. *The community service fund must be audited every year. Please note that the most current (2014-15 if you are auditing 2014-15) expenditures should be audited.*

I. COMMUNITY SERVICE FUND OBJECTIVES

Wisconsin Statute 120.13 (19) provides authority for school boards to establish community programs and services. Wisconsin Statute 120.13 states that a school board of a common or union high school district may do all things reasonable to promote the cause of education, including establishing, providing and improving school district programs, functions and activities for the benefit of pupils.

This includes establishing and maintaining community education, training, recreational, cultural or athletic programs and services, outside the regular curricular and extracurricular programs for pupils, under such terms and conditions as the school board prescribes. The school board may establish and collect fees to cover all or part of the costs of such programs and services.

II. PROGRAM PROCEDURES

The Wisconsin Department of Public Instruction (DPI) has established Fund 80 for reporting of community service fund activities. This fund is used to account for activities such as adult education, community recreation programs such as evening swimming pool operation and softball leagues, elderly food service programs, day care services, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community. No K-12 instructional (100000 series) or instructional support related functions are recorded in Fund 80.

The district may adopt a separate tax levy for Fund 80. Any tax necessary to operate the Community Service Fund is considered an "operation" levy subject to s. 120.10(8) and s. 120.12(3). The Fund 80 levy is an additional levy outside the allowed revenue limit. A Fund 80 levy adds to the district levy above and beyond the allowable limited levies.

The rules for community service activities can be found in PI-80 of the Wisconsin Administrative Code. See http://sfs.dpi.wi.gov/sfs_comm_serv_fund_info. Only community service program (Fund 80) expenditures that are eligible costs under the rules will be excluded from a district's shared cost. A school district's revenue limit will be decreased by the amount of its ineligible expenditures for community programs and services. This first applies to the calculation of a school district's revenue limit for the 2015-16 school year.

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III. COMPLIANCE REQUIREMENTS AND AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

1. Compliance Requirement

Only expenditures that meet rules established by PI-80 of Wisconsin Administrative Code should be recorded as an expenditure in Fund 80. See http://sfs.dpi.wi.gov/sfs_comm_serv_fund_info for PI-80. DPI also has further guidance on a separate web page http://sfs.dpi.wi.gov/sfs_comm_serv that will assist auditors and district staff in determining what is eligible community service fund expenditures.

Audit Procedures

1. Review the community service rules for expenditures that are allowed to be recorded in Fund 80.
2. Obtain a description of the expenditures and activities recorded in Fund 80 from district staff.
3. Inspect the expenditure and activity descriptions obtained from district staff for Fund 80 allowability.
4. Perform an analytical review comparing current year revenues and expenditures to budgeted and prior year amounts. Document whether variances from the budget and prior years are reasonable.
5. Perform an expenditures test.
 - a. Obtain the district's Fund 80 general ledger. Please note that the district may have a batch system that will only show batch totals on the general ledger. This will require the auditor to obtain a labor distribution report, check register, or expenditure distribution report to support the amounts on the general ledger.
 - b. Select a representative sample of non-payroll expenditures coded to Fund 80. The sample size should be appropriate for the population being tested. Individually significant items should be selected for testing.
 - c. Select a representative sample of payroll expenditures coded to Fund 80.
 - d. Obtain the supporting documentation (vouchers, invoices, payroll records) for each of the expenditures selected for testing.
 - e. Test the items selected in the sample for the following attributes:
 - i. The disbursement is supported by proper documentation.
 - ii. The account distribution for the expenditure is proper.
 - iii. The name, date, and amounts on the general ledger are traceable to the supporting documentation.
 - iv. The disbursement selected is eligible to be recorded in Fund 80 per the rules defined in PI-80.
 - v. The expenditure has been properly approved.

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D. REPORTING REQUIREMENTS

1. Compliance Requirement

Fund 80 expenditures determined not to meet established rules must be reported by the auditor to DPI using the *PI 1506 AC*. A school district's revenue limit will be decreased by the amount of its ineligible expenditures reported by the auditor for community programs and services. This revenue limit penalty first applies to the calculation of a school district's revenue limit for the 2015-16 school year.

Audit Procedures

1. Report identified expenditures that do not meet the Fund 80 rules or are considered ineligible by the auditor on the PI 1506 AC. **Please note that the auditor should not report expenditures that have been reclassified prior to filing the 1506 AC.**
2. The Fund 80 identified expenditure amounts that are reported on the PI 1506 AC should be reported as questioned costs on the "Schedule of Findings and Questioned Costs" in the single audit report.

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